MARITIME MEDICAL CARE INC.

ANNUAL REPORT

TO THE MINISTER OF HEALTH
PROVINCE OF NOVA SCOTIA

For the year ended March 31, 1986

THE EIGHTEENTH ANNUAL REPORT

of

MARITIME MEDICAL CARE INCORPORATED

to

THE HONOURABLE MINISTER OF HEALTH

of the

PROVINCE OF NOVA SCOTIA

Introduction

This is the 18th Annual Report of Maritime Medical Care Incorporated to the Honourable Minister of Health of the Province of Nova Scotia. The report details the performance of Maritime Medical Care Inc. in carrying out its responsibilities as administrator of the Medical Services Insurance (M.S.I.) programs for the Province of Nova Scotia. The report covers the 12 month period April 1, 1985 to March 31, 1986, and includes appropriate comparative data from previous reporting periods.

Maritime Medical Care Incorporated was founded in 1948 under the provisions of Chapter 197 of the Acts of Nova Scotia as a non-profit organization to operate in the field of prepaid health services programs. The Corporation is based in Halifax, Nova Scotia and operates in all Atlantic Provinces. In July 1967, Maritime Medical Care entered into an agreement with the Minister of Health of the Province of Nova Scotia to participate in the design and to administer the Province's medical care insurance plan, which following 18 months of planning was implemented on April 1, 1969. The agreement with the Minister of Health does not alter the Corporation's activities in the private sector and Maritime Medical continues to be a

major underwriter of prepaid health programs for groups and individuals of Atlantic Canada.

Over the years, as the government introduced new programs including optometric services, dental services for children, and a prescription drug program for senior citizens, Maritime Medical assimilated these programs into its operations. The Corporation borrowed extensively from its expertise in the field of private health insurance to provide efficient administrative services from the date of implementation of each new program. In addition to its duties handling the M.S.I. programs, Maritime Medical is also involved in other public programs including claims processing services for some aspects of the Hospital Insurance Plan and operating the Prescription Drug Programs of the Department of Social Services. The administration of these programs is integrated with the M.S.I. processes.

Maritime Medical Care is a local organization that has become recognized as one of the leading health insurance organizations in the country. In its combined private and public sector operations, Maritime Medical provides employment for approximately 220 Nova Scotians. These employees have a unique wealth of experience and expertise in the health insurance field which has benefitted and will continue to benefit the residents and the Government of the Province of Nova Scotia.

Maritime Medical Care Duties and Responsibilities

Maritime Medical Care's present duties and responsibilities in connection with the M.S.I. programs include:

- The registration of all "recipients" and "providers" of insured services.
- The provision of all communications with recipients and providers respecting their entitlement and responsibilities under the various M.S.I. programs.
- The receipt, assessment and payment of all M.S.I. claims for insured services in accordance with established tariffs approved by the Health Services & Insurance Commission.
- The development and operation of appropriate review and audit procedures for verifying M.S.I. eligibility and benefit payments.
- The coordination of the activities of all Review Committees including the carrying out of investigations and preparation of all cases for review.
- The participation in any cases called for "Due Inquiry" by the Health Services and Insurance Commission in accordance with the Health Services and Insurance Act.
- The design of all systems and procedures related to the performance of its administrative functions.
- The development, maintenance and analysis of statistics pertaining to all aspects of the M.S.I. Programs.
- The compilation, production and distribution of the Nova Scotia Drug Formulary.
- The provision of resource staff support for various Committees of the Health Services & Insurance Commission.

- The preparation of reports for the Minister of Health, the Health Services & Insurance Commission and its committees on the operation of the various M.S.I. programs including recommendations for their improvement.
- Consultation with the Health Services & Insurance Commission in the design, development, implementation and operation of any new M.S.I. programs.
- Such other assignments as the Minister of Health or the Commission may from time to time request.

Content of Report

Maritime Medical Care has prepared detailed statistical reports on all aspects of the M.S.I. operation for the Health Services & Insurance Commission. A number of these reports will be included in the Health Services & Insurance Commission's Annual Report to the Minister. The Maritime Medical report will not duplicate data which normally appears in the Commission report, except where such information may be indicative of the scope of activities and level of performance of the Corporation as the M.S.I. plan administrator.

Financial

The Corporation is pleased to submit herewith as Appendix "A" our final statement of costs incurred in the administration of the M.S.I. programs for the fiscal year ended March 31, 1986.

In the year under review, Maritime Medical's administrative expense, expressed as a percentage of the total of all benefits paid under the public programs was 3.0%. This is an improvement over the 3.2% ratio of the year previous and represents the lowest expense ratio yet achieved.

Performance Indicators

Table I sets out the levels of performance achieved by Maritime Medical Care staff, using certain indicators to represent productivity levels and unit costs for the past five years. The Table includes M.S.I. programs and prescription drug programs of the Department of Social Services integrated with M.S.I. Pharmacare for administrative purposes.

TABLE I

Maritime Medical Care Inc. Performance Indicators

	1981-82	1982-83	1983-84	1984-85	1985-86
Administrative Expense Per Claim Processed	$0.80	$0.80	$0.90	$0.92	$0.93
Claims Processed Per Employee	28,599	32,491	33,478	35,479	37,551
Administrative Expense As A Percent of Total Benefits Paid	3.6%	3.3%	3.4%	3.2%	3.0%

Maritime Medical Care - M.S.I. Staff Distribution

Table II reflects the changes in the number of persons on staff at Maritime Medical for the past five years including the year under review.

TABLE II

Maritime Medical Care Incorporated Employees

	Employees Working Full Time On		Employees With Dual	
	M.S.I.	M.M.C.	Responsibilities	Total
March 31, 1982	138	28	78	244
March 31, 1983	131	24	77	232
March 31, 1984	130	24	77	231
March 31, 1985	126	21	74	221
March 31, 1986	127	20	74	221

Claims Volume

The Corporation's staff processed 309,000 more claims than in the previous year as shown in Table III, an increase of 4.3% over the previous year. This includes 252,700 claims for the Pharmacare program for the Disabled and Diabetic Assistance which is administered for the Department of Social Services through the Health Services & Insurance Commission.

TABLE III

Total Claims Processed

(In Thousands)

Fiscal Year	Processed
1981-82	6,069
1982-83	6,888
1983-84	6,930
1984-85	7,220
1985-86	7,529

Patient Utilization of Benefits

It is estimated that 870,000 Nova Scotians were eligible for the Medical, Dental-Surgical and Optometric benefits of M.S.I. Of this number, 206,200 were also eligible for the Children's Dental Plan and 103,200 were eligible for the M.S.I. Pharmacare Plan. A summary showing the average number of persons eligible during the year and those utilizing benefits in each of the plans is shown in Table IV.

TABLE IV

Utilization of Major M.S.I. Benefits

	Persons Eligible	Persons Utilizing Benefits	
		Number	Percent
Medical	870,000	768,000	88.3
Optometric	870,000	103,200	11.9
Dental Surgical	870,000	9,600	1.1
Children's Dental	206,200	125,300	60.8
M.S.I. Pharmacare	103,200	95,000	92.1

Claims Assessment, Audit and Review

One of Maritime Medical's major administrative functions is the assessment, audit and utilization review of all M.S.I. claims. The vast majority of this work is performed by M.M.C. staff which includes medical, dental and pharmaceutical consultants.

Maritime Medical also avails itself of professional counsel from members of the Medical Society of Nova Scotia and the Nova Scotia Dental Association pertaining to the review of difficult claims through its Medical and Dental Claims Evaluation Committees.

The Corporation continued with its claims audit program by seeking patient verification of a random selection of paid Medical, Dental, Optometric and Pharmacy claims and has applied additional appropriate audit techniques to Pharmacare claims which included 201 on-site audits of pharmacies.

There are three standing Review Committees; Medical, Dental, and Pharmacy. Maritime Medical Care provides all research, investigative, legal and other administrative staff support for these professional review committees.

The Medical Review Committee is responsible to the Corporation's Board of Directors for monitoring all activities relating to the provision of insured services by physicians, and the utilization of physicians' services by patients. During the year under review, the Committee continued a program of monitoring and analysing the use of medical services by patients with the objective of controlling situations where it is established that an overuse problem exists.

The Medical Review Committee referred one case to the Health Services and Insurance Commission that caused a "Due Inquiry" under the Health Services and Insurance Act to be conducted by the Commission. This case resulted in a physician being denied participation status under the M.S.I. program for a period of three months.

The Pharmacy Review Committee which is a committee reporting directly to the Health Services and Insurance Commission continues with the assistance of Maritime Medical administrative and professional staff to participate in the Drug Utilization Review program. This is a continuing program designed to ensure that the recipients of the Pharmacare programs are provided with their medication needs in accordance with sound medical practice.

The Dental Review Committee is also responsible directly to the Health Services and Insurance Commission. This Committee continued to emphasize its program of reviewing dentists' practice profiles. The Maritime Medical audit program resulted in a number of cases being reviewed by the Committee and several payment recoveries being made. One case was referred to the Health Services and Insurance Commission for consideration of a "Due Inquiry" under the Health Services and Insurance Act.

Arising out of the audit and review programs, recoveries of payments on improper claims were made by Maritime Medical as follows:

- Medicare Program - $ 9,800
- Pharmacare Program - 40,750
- Dental Program - 56,485

When the audit programs identify irregularities that could be contraventions of the Health Services and Insurance Act, they are reported through the appropriate Review Committees to the Health Services and Insurance Commission.

With the co-operation of the Worker's Compensation Board, Maritime Medical receives copies of all physicians' claims that have been approved for payment by the Board. An internal process has been developed by Maritime Medical to check these paid claims against the M.S.I. patient history to ensure that M.S.I. is not being charged for services that are the responsibility of the Worker's Compensation Board. The application of this claims audit technique in the past year resulted in recoveries for M.S.I. totalling $346,000.

Professional Relations

Maritime Medical Care has a program of regular liaison with all professional groups whose services are insured under the M.S.I. programs. Emphasis continues to be placed on the physicians services program which is the largest and therefore has the greatest impact administratively.

Regular information seminars for the providers of insured health services and their staffs continue to be an effective means of communication. Through the cooperation of the professional organizations, Maritime Medical receives invitations to Branch Medical Society meetings and regional Dental and Pharmacy Association meetings. M.S.I. matters of current interest are discussed and questions answered.

Periodic visits by Maritime Medical personnel to providers of insured services and the issuance of bulletins are also part of our professional relations program.

Systems and Computer Services Division
Department of Government Services

The Corporation continues to work in close co-operation with the Systems and Computer Services Division of the Department of Government Services. This Department provides all computing services for the public programs administered by Maritime Medical Care.

During the year, activities were confined to maintaining existing computer systems and minor modifications to them,to provide for changes to payment tariffs. No new application programs were developed.

Liaison with Health Services & Insurance Commission

The Corporation continues to work closely with the Health Services & Insurance Commission, its Committees and staff, and are most appreciative of the co-operation and support received from all persons involved.

Maritime Medical Care - Organization

The Board of Directors of Maritime Medical Care consists of 13 members of which two are ministerial appointments. Observer privileges at all Board meetings are afforded the Deputy Minister of Health and the Chairman of the Health Services and Insurance Commission. A list of the Corporation's Directors for the year under review is included as Appendix B.

Summary of Administered Programs

Following are the public programs currently administered by Maritime Medical Care.

M.S.I. Programs	Implementation Date
Medical Care	April 1, 1969
Dental Surgical	April 1, 1969
Optometric	December 1, 1973
Children's Dental Plan	July 1, 1974
Pharmacare	October 1, 1974
Cystic Fibrosis (Drugs)	October 1, 1976
Severe Mental Retardation (In-Hospital Dentistry)	January 1, 1977
Cleft Palate Dentistry	December 1, 1977
Diabetes Insipidus (Drugs)	December 1, 1978
Prosthetic Appliances	January 1, 1981

In addition to the M.S.I. programs the Corporation provides claims assessment and payment services for insured out-patient hospital services received by eligible Nova Scotians while temporarily out of Canada. These services are provided under the direction of the Hospital Insurance Division of the Department of Health. The Corporation also performs the claims assessment and payment functions for the Department of Social Services' Prescription Drug Program for the Disabled and the Diabetic Assistance Program.

Acknowledgements

The Corporation wishes to acknowledge the assistance and the co-operation it has received in the performance of its M.S.I. duties and responsibilities from:

The Department of Health

The Health Services & Insurance Commission

The Medical Society of Nova Scotia

The Nova Scotia Pharmaceutical Society

The Pharmacy Association of Nova Scotia

The Nova Scotia Dental Association

The Nova Scotia Optometric Association

The Systems and Computer Services Division
Department of Government Services

The Worker's Compensation Board

Respectfully submitted,

MARITIME MEDICAL CARE INCORPORATED

P.D. Jackson, M.D.
President

APPENDIX A

MARITIME MEDICAL CARE INCORPORATED

Administrative Costs - Public Programs
For the Year Ended March 31, 1986

	M.S.I.	Social Services
	(000's)	
DIRECT COSTS		
Employees' salaries and benefits	$ 3,921	$ 101
Office premises	20	
Equipment rentals and data processing	727	29
Depreciation, maintenance and repairs of office, furniture and equipment	41	1
Cartage	16	
Stationery and supplies	347	9
Advertising & Promotion	18	1
Travelling Expense	52	2
Telephone, telegraph and postage	102	1
Professional and committees' fees and expenses	34	2
Miscellaneous	1	
	5,279	146
ALLOCATED COSTS		
General Management	378	(1)
Administrative Services	366	
Building Occupancy	320	
Pharmacy Claims Assessment	208	(1)
Accounting	167	(1)
Personnel	74	
Cafeteria	34	
Data Processing	8	
	1,555	(1)
GRAND TOTAL	$ 6,834	$ 146

(1) Costs allocated to Social Services Programs included in Direct Costs.

APPENDIX B

MARITIME MEDICAL CARE INC. - BOARD OF DIRECTORS 1985-86

NAME	ADDRESS	COMPONENT
Dr. P.D. Jackson President	Sydney, N.S.	Medical Society of N.S.
Dr. J.M. O'Brien Vice President	Antigonish, N.S.	"
Dr. G.A. Ferrier	Liverpool, N.S.	"
Dr. D.L. Davison	Wolfville, N.S.	"
Dr. D.A. MacFadyen	Truro, N.S.	"
Dr. R.A. Oliver	Dartmouth, N.S.	"
Dr. C.R. Wyman	Yarmouth, N.S.	"
Mrs. Alice Baker	Dartmouth, N.S.	Governor-in-Council
Mr. James E. Cochran	Halifax, N.S.	Governor-in-Council
Mr. Murray Fahie	Dartmouth, N.S.	Subscriber
Mr. Arthur MacKinnon	Westville, N.S.	Pharmacist
Dr. Mary Hurst	Antigonish, N.S.	Dentist

M.S.I. STATISTICAL TABLES

FISCAL 1985-86

Table 1

MSI Expenditure 1985-86[1]

	Expenditure	Percent of Total
Physicians Services	$166,820,522	74.3
Prescription Drugs	40,446,006	18.0
Dentistry	14,228,138	6.3
Optometric	2,735,404	1.2
Prosthetic Services	451,485	0.2
TOTAL	$224,681,555	100.0

1. Data in this table and the tables that follow are based on date of payment rather than date of service. Amounts reported may vary slightly from accounting totals due to methods of processing data.

Table 2

Five Year Comparison of Selected MSI Statistics

	1981-82	1982-83	1983-84	1984-85	1985-86
Insured Population (000)	834	841	849	861	870
Physicians Paid	1,386	1,430	1,459	1,572	1,653
Dentists Paid	288	304	315	328	340
Optometrists Paid	45	50	50	52	53
Pharmacies Paid	202	210	219	221	230
Total MSI Payments (000)[1]	$134,200	$166,346	$181,304	$202,599	$224,682
Claims Processed (000)	6,069	6,696	6,721	6,985	7,276
Total Insured Services (000)	7,804	8,474	8,530	8,891	9,193
Expenditure Per Insured Person	$160.91	$197.80	$213.55	$235.31	$258.26
Administrative Expense (000)	$4,852	$5,407	$6,123	$6,500	$6,834
Administrative Expense As Percent of Amount Paid	3.6%	3.3%	3.4%	3.2%	3.0%

1. Certain recoveries have not been deducted from this total. In 1985-86 these included an amount of $310,727 for out-of-province out-patient diagnostic services, which was transferred to the Department of Health. MSI payments for 1984-85 include payments of $26,381 to the Cancer Society. MSI payments for 1985-86 include payments of $55,467 to the Cancer Society. Cancer Society payments have been included in 1984-85 and 1985-86 figures only.

Table 3

Growth of MSI Plans

1981-82 to 1985-86

	Physicians Services & Dental Surgical[1]			Optometric Services			Children's & Special Dental Plans[2]			Prescription Drugs[3]		
	Insured	Beneficiaries	Paid Per Insured	Insured	Beneficiaries	Paid Per Insured	Insured	Beneficiaries	Paid Per Insured	Insured	Beneficiaries	Paid Per Insured
1981-82	834,000	726,000	$123.59	834,000	81,200	$1.67	195,200	101,800	$43.54	94,100	85,400	$223.03
1982-83	841,000	739,000	150.91	841,000	92,200	2.07	207,800	114,800	50.68	96,100	87,700	279.38
1983-84	849,000	743,900	161.45	849,000	92,200	2.28	209,800	122,700	52.72	99,200	89,700	311.75
1984-85	861,000	757,100	178.17	861,000	98,400	2.68	208,200	124,000	55.93	101,200	92,500	343.21
1985-86	870,000	768,000	194.23	870,000	103,200	3.14	206,900	125,800	58.34	103,200	95,200	391.38

NOTE: Estimates of Insured Persons are as of October 1 each year.

1. Physicians services and dental-surgical services were the initial MSI Plans introduced in 1969, and were cost-shared with the federal government prior to April 1977. In Tables 5 and 6 physicians services and dental-surgical services are shown separately.

2. The Children's Dental Plan was implemented July 1974 and covers children up to 16 years of age. Children at the School For The Blind are covered regardless of age. Other dental plans include persons who are severely mentally retarded, or who have a cleft palate. These plans were implemented in 1977.

3. Prescription drug coverage was implemented in October 1974 for persons over 65 years of age. Persons who suffer from cystic fibrosis became insured in 1976. Drugs for the treatment of diabetes insipidus became insured in 1978. Paid per insured does not include payments to the Cancer Society. Payments to the Cancer Society were $55,467 in 1985-86. Cancer Society payments are included in Tables 1 and 2 for 1984-85 and 1985-86.

Table 4

MSI Fee-For-Service Payments 1985-86

Number of Providers by County[1]

County	Physicians[2] Services	Dentists Services	Optometrists Services	Prescription[3] Drugs
Annapolis	28	8	2	6
Antigonish	43	6	-	6
Cape Breton	153	41	10	30
Colchester	54	15	3	11
Cumberland	50	10	2	14
Digby	26	5	1	8
Guysborough	16	2	-	5
Halifax	873	174	16	99
Hants	44	9	1	14
Inverness	18	7	1	7
Kings	90	23	4	13
Lunenburg	56	12	7	9
Pictou	68	14	4	16
Queens	13	3	1	3
Richmond	9	1	-	3
Shelburne	20	4	-	5
Victoria	9	1	-	4
Yarmouth	50	5	1	7
NOVA SCOTIA	1,620	340	53	260

1. County refers to the counties in which providers rendering insured services were located as of March 31, 1986.

2. Does not include salaried physicians who performed insured services for which institutions employing them were reimbursed.

3. Includes 230 pharmacies and 30 other providers.

Table 5

MSI Payments for Physicians Services

Services and Amounts Paid

1981-82 to 1985-86

Services[1]

	Services	Services Per Insured Person	Percent Change Per Insured Person
1981-82	5,565,010	6.67	2.3
1982-83	6,005,572	7.14	7.0
1983-84	5,976,806	7.04	-1.4
1984-85	6,218,853	7.22	2.6
1985-86	6,394,684	7.35	1.8

Amount Paid[2]

	Total Paid	Paid Per Insured Person	Percent Change Per Insured Person
1981-82	$101,879,798	$122.16	15.2
1982-83	125,510,329	149.24	22.2
1983-84	135,345,325	159.42	6.8
1984-85	151,425,328	175.87	10.3
1985-86	166,820,522	191.75	9.0

1. Services include fee-for-service only.

2. Includes payments to hospitals and institutions with respect to insured services performed by salaried physicians, as well as fee-for-service payments.

Table 6

MSI Payment for Dental Surgical Services

Services and Amounts Paid

1981-82 to 1985-86

	Services	Paid	Paid Per Insured Person	Percent Change Amount Paid Per Insured Person
1981-82	21,355	$1,189,970	$1.43	14.4
1982-83	22,569	1,408,524	1.67	16.8
1983-84	26,383	1,725,580	2.03	21.6
1984-85	28,910	1,981,155	2.30	13.3
1985-86	29,235	2,158,018	2.48	7.8

Table 7

MSI Payments for Children's and Special Dental Plans[1]

	Services	Paid	Paid Per Insured Person	Percent Change Amount Paid Per Insured Person
1981-82	449,803	$ 8,500,881	$43.54	21.0
1982-83	507,725	10,530,607	50.68	16.4
1983-84	528,132	11,060,598	52.72	4.0
1984-85	524,363	11,645,185	55.93	6.1
1985-86	528,874	12,070,120	58.34	4.3

1. Special dental plans include persons who have a cleft palate, persons who are severely mentally retarded and persons at the School For the Blind who are 16 years of age or older. Amounts paid in 1985-86 were $126,637, $25,004 and $322 respectively.

Table 8

MSI Payments for Optometric Services

1981-82 to 1985-86

	Services	Paid	Paid Per Insured Person	Percent Change Amount Paid Per Insured Person
1981-82	82,206	$1,396,144	$1.67	15.6
1982-83	94,750	1,744,594	2.07	24.0
1983-84	94,799	1,933,363	2.28	10.1
1984-85	101,648	2,302,845	2.68	17.5
1985-86	107,025	2,735,404	3.14	17.2

Table 9

MSI Payments for Prescription Drugs

1981-82 to 1985-86

Prescriptions

	Prescriptions Dispensed	Prescriptions Per Insured Person	% Change Per Insured
1981-82	1,686,070	17.9	-
1982-83	1,843,015	19.2	7.0
1983-84	1,903,784	19.2	-
1984-85	2,017,462	20.0	4.2
1985-86	2,133,621	20.7	3.5

Amount Paid[1]

	Amount Paid	Paid Per Insured Person	% Change Per Insured
1981-82	$20,990,958	$223.03	16.8
1982-83	26,848,173	279.38	25.4
1983-84	30,925,100	311.75	11.6
1984-85	34,732,801	343.21	10.1
1985-86	40,390,539	391.38	14.0

1. Amount paid includes the MSI Pharmacare Plan for persons over 65, the Cystic Fibrosis Plan, and the Diabetes Insipidus Plan. During 1985-86 payments for the Cystic Fibrosis and Diabetes Insipidus Plans were $316,635 and $42,512 respectively. Payments under the Cystic Fibrosis and Diabetes Insipidus Plans are made monthly to one provider and therefore the number of prescriptions shown above does not include prescriptions dispensed under these plans. Amount paid does not include reimbursement to the Cancer Society. Payments to the Cancer Society were $55,467 in 1985-86. Cancer Society payments are included in Tables 1 and 2 for 1984-85 and 1985-86.

Table 10

Social Services Pharmacare

Payments for Insured Prescription Drugs[1]

1982-83 to 1985-86

Prescriptions

	Prescriptions Dispensed	Prescriptions Per Insured Person	% Change Per Insured
1982-83	258,701	19.7	-
1983-84	289,816	21.3	8.1
1984-85	319,470	22.7	6.6
1985-86	336,490	22.4	-1.3

Amount Paid

	Amount Paid	Paid Per Insured Person	% Change Per Insured
1982-83	$3,586,952	$273.81	-
1983-84	4,449,883	327.20	19.5
1984-85	5,204,721	369.13	12.8
1985-86	6,090,878	406.06	10.0

1. Includes the Prescription Drug Plan for disabled persons, which has been administered by Maritime Medical Care since September 1981, and the Diabetic Assistance Plan, which has been administered since September 1982.